

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 25, 2002

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses

EXCUSED: Craig Bulkley, Bureau Chief of Administrative Services

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Per the SA1000 report for the week ending April 21, 2002, retail sales were up 3.28%, on-premise sales were up 1.65%, off-premise sales were down around -17.30%, and total aggregate sales were down -1.18%. The traffic count decreased by -246, but the average sale increased by \$3.28.

The W-I Total Weekly Sales Report for the same week confirms total sales decreased -1.18% or (\$62,358) for the week, but increased for the year by 6.88% or \$17,083,932. Wine sales for the week were also down -2.66% or (\$64,539), and for the year were up 9.17% or \$10,299,649. Sales of spirits were also down for the week by -0.32% or (\$9,244), and were up year-to-date by 5.71% or \$7,907,267.

B. Budget Reports:

1) Capital Improvement Project Request:

The Capital Improvement Project Request for Fiscal Years 2004 through 2009 was put on hold pending further information to be presented to the Commission.

According to the latest Outstanding Depletions and Post-Offs report as of April 23, 2002, there is only one broker in arrears. Accounting is awaiting a reply to a phone call made to them.

The current W-6 Expense Activity Variance Report shows that the year is at 81.37% complete, with total agency expenditures at around 80.3%.

2. IT Reports

The physical installation of the new systems is on schedule. Dell completed the storage installation last week. Unisys is working on the remaining server

configuration. IT has most of its desktop installations completed. The conversion consultants had a medical emergency and will be a week late in arriving. The new date is May 15th.

II. MARKETING & SALES REPORTS

1. Store Operations

A. Memorial Day, Monday, May 28, 2002 – Store Operations and Staffing Recommendations:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve store openings and staffing for Memorial Day, Monday, May 28, 2002, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Store sales for the week ending 4/21/02 were up \$140,875 over the same week last year. In Cluster 1, Store #73 Hampton had the highest increase (42.7%). In Cluster 2, sales at Store #1 Concord were up 70.33%. The highest increase in Cluster 3 was at Store #10 Manchester (62.75%). Of note in Cluster 4 is Store #11 Lebanon, with an increase of about 73%, and Store #58 Goffstown at 76.36%. Store #35 Hillsboro had the largest increase in Cluster 5 at almost 42%. Looking at Cluster 6 stores, Store #3 Manchester was up approximately 125%(?).

2. Warehouse Report

A. Concord Warehouse Bailment Charges:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve an update in Concord Warehouse bailment charges to coincide with those at the Nashua Law Warehouse, as recommended by David Harrison, Warehouse Manager and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

At present, bailment appears to be in good shape in the Concord Warehouse.

3. Purchasing Report

There was nothing of significance to note regarding the current out-of-stock report.

4. Merchandising Report

A. SPIRITS:

1) Test Market Items:

a. Test Market Request (Arrow Triple Sec):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc./David Sherman Corporation for a new test market listing for Arrow Triple Sec, 750ML, but allow this item to be carried as a warehouse item only (assigned three-digit Code #768), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Wild Turkey Liqueur with Honey):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Pernod Ricard USA, for a new market product listing for Wild Turkey Liqueur with Honey, 750ML size (assigned three-digit Code #408), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Line Extension (Emmets Irish Cream):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Diageo North America for a line extension for Emmets Irish Cream, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Recommendation (Ultimate Vodka):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a specialty status listing for Code #3565, Ultimate Vodka, 750ML size, as this product did exceed the gross profit required for specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Recommendation (Phillips Blue Raspberry):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the delisting of Code #3557, Phillips Blue Raspberry Vodka, 750ML size, as this product failed to earn the required gross profit during a six-month period in the test market, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) 50ML Promotion – One Time Purchase of 100 Cases:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company of a one-time purchase (special purchase allowance) of 100 cases of Amarula Cream Liqueur, 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Smirnoff Twist 50ML's:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America, to list the following Smirnoff Twist vodkas in the 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Raspberry (assigned Code #3606); Citrus (assigned Code #3607); Orange (assigned Code #3608); and Vanilla (assigned Code #3609). The motion was unanimously adopted.

4) Discontinued Product Offers:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Adamba Imports International, Inc. of a close-out special based upon depletions of Code #3454, Luksusowa Citrus and Code #3453, Luksusowa Wild Berry, 750ML sizes, in order to deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) On-Pack Purchase Request:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Sidney Frank Importing Co., Inc. of on-packs to be provided at no additional cost to

the State for Code #3857, Grey Goose Vodka in Picnic Basket, 1.75L size and Code #5440, Jagermeister with 2 Pewter Shooters, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Horizon Beverage Company – Duncan Spirits, Inc.:

This item was removed from the agenda, and no action was taken.

7) June Special Offers:

a. 1 item – Phoenix Marketing:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Phoenix Marketing, based upon depletions of one (1) spirit item, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 4 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve offers from Phoenix Marketing, based upon depletions of four (4) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 48 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of forty-eight (48) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 3 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve offers from United Beverages, Inc., based upon depletions of three(3) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell,

Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 79 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve offers from United Beverages, Inc., based upon depletions of seventy-nine (79) spirit items, to be featured on sale during June 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) July Wine Sale:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the placement of all American wines on Sale from July 1 through 28, 2002 at 10% off 6 to 8 bottles, 15% off 9 to 11 bottles and 20% off 12 or more bottles, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) New Wine Product Listings (general distribution – Codes #18272 & #31866):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing for general distribution of Code #18272, B & G Cotes du Rhone Red and Code #31866, Francis Coppola Diamond Merlot, 750ML sizes, as each item has earned the required gross profit of at least \$6,500 during a twelve-month period, a majority of which have been in the retail and on-premise markets as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Scheduled Wine Tastings:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve seven (7) wine tastings scheduled to take place from May 2002 through February 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Special Offers for June 2002:

- a. 8 items – Martignetti (Summer of Savings Program):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of eight (8) wine items, to be featured on sale during June 2002 as part of the Summer of Savings program, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 8 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of eight (8) wine items, to be featured on sale during June 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 25 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-five (25) wine items, to be featured on sale during June 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 30 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of thirty (30) wine items, to be featured on sale during June 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 76 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of seventy-six (76) wine items, to be featured on sale during June 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John

Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 60 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of sixty (60) wine items, to be featured on sale during June 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Recommended Wine Specialty Products:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve two (2) wine codes from Stimson-Lane, Ltd./United Beverages, Inc. to be carried as wine specialty products in wine specialty stores only, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Recommended Allocated and Restricted Wines for Distribution to Selected Stores:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the distribution of ninety (90) allocated and restricted wines to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Primary Source Submissions:

- a. 1 item – primary source; 1 item – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, and one (1) wine code which is not from primary source, but is imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 4 items – primary source; 1 item – imported; 5 items – exclusive agent

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are from primary source; one (1) wine code which is not from primary source, but is imported; and five (5) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 21 items – exclusive agent; 35 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of twenty-one (21) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and thirty-five (35) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all reviewed requests for bailment releases/transfers dated Friday, April 12 through Thursday, April 25, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items: None.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

/D. Hartford

Patricia T. Russell, Commissioner

